



Indiabulls

HOUSING FINANCE

Indiabulls Housing Finance
Investor Roadshow Presentation
March 2024



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Mr. Gagan Banga

Vice Chairman, Managing Director and CEO

- Mr. Banga has over 20+ years of experience in the business of NBFCs and HFCs
- Prior to joining Indiabulls Housing Finance Limited, He was an Executive Director on the Board of Directors of IBFSL (Indiabulls Financial Services Limited)

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Transaction summary

Issuer	<ul style="list-style-type: none"> Indiabulls Housing Finance Limited (“IHFL”)
Issue	<ul style="list-style-type: none"> Fixed rate, Senior Secured US\$ bonds
Issuer Rating	<ul style="list-style-type: none"> S&P rating to follow
Expected Issue rating	<ul style="list-style-type: none"> S&P rating to follow
Issue Amount	<ul style="list-style-type: none"> Benchmark
Tenor	<ul style="list-style-type: none"> 3.25 yrs bullet
Coupon	<ul style="list-style-type: none"> []% p.a. payable semi-annually
Security	<ul style="list-style-type: none"> The financial and non-financial assets (including investments) of the Issuer, both present and future; The present and future loan assets of the Issuer, including all monies receivable
Format	<ul style="list-style-type: none"> 144A / Reg S
Use of Proceeds	<ul style="list-style-type: none"> For activities as may be permitted under the ECB Guidelines such as onward lending, in accordance with the approvals granted by the RBI from time to time in this relation (if applicable) and in accordance with the ECB Guidelines and other applicable laws
Maintenance covenants	<ul style="list-style-type: none"> Net NPA as a percentage of Gross Advances < 5.0% Security Coverage Ratio >= 1.1:1 The total secured loans under its loan book shall not be less than 85% of its total loans under its loan book
Denomination	<ul style="list-style-type: none"> US\$ 200,000 and, in excess thereof, integral multiples of US\$ 1,000
Listing	<ul style="list-style-type: none"> India INX
Governing Law	<ul style="list-style-type: none"> English Law
Joint Bookrunners	<ul style="list-style-type: none"> Barclays, CLSA, Deutsche Bank, Elara Capital, Emirates NBD Bank, Nuvama, UBS

Section 1

Company overview

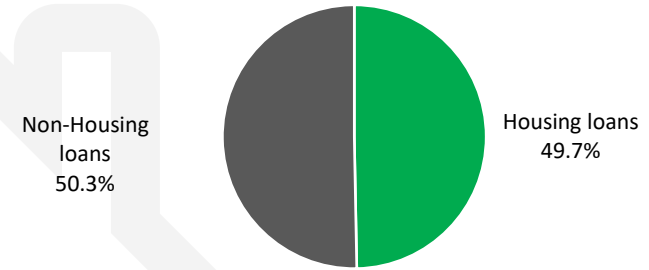


Company Overview

Key highlights (as of 31 Dec 2023)

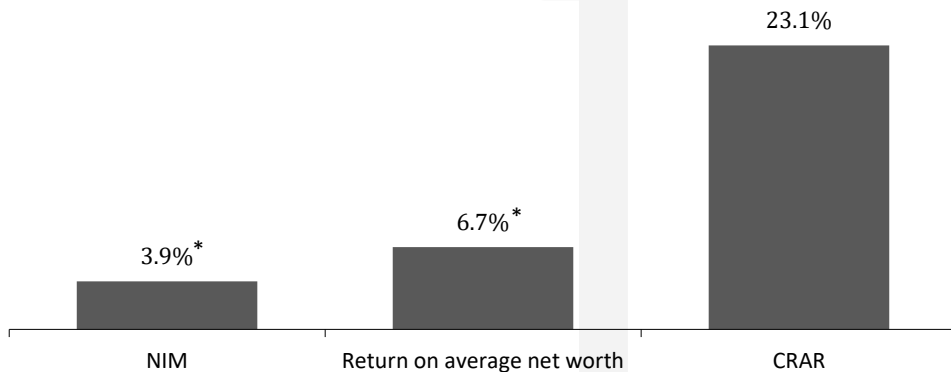
c. US\$1.3bn ⁽¹⁾ Market Capitalization	23.1% Standalone CRAR	3.9% Net Interest Margin
217 branches	4,793 employees	8,763 direct sales agent
<u>Long Term Ratings</u> AA/Stable from CRISIL and AA/Stable from ICRA	<u>Short Term Ratings</u> A1+/Stable from CRISIL	<u>International Rating</u> S&P ratings to follow

Loan Book split (as of 31 Dec 2023)



Loan Book as of 31-Dec-23: US\$6.7bn⁽¹⁾

Strong returns and sound asset quality



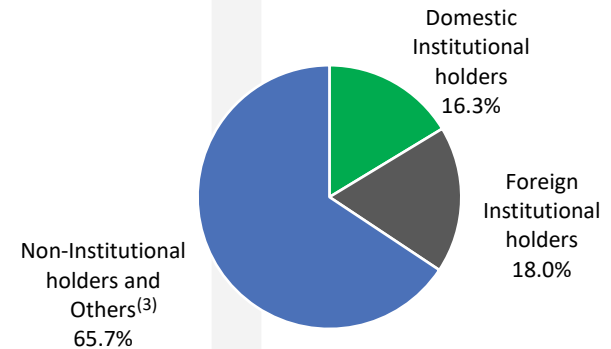
* Annualized, as of 31 December 2023

(1) 1 USD = 83.1164 INR as on December 29, 2023 published by Financial Benchmarks India Private Limited

(2) Shareholding provided on a fully diluted basis as of 15-Feb-24

(3) Includes 1.71% holding of Pragati Employee Welfare Trust (which is a non-promoter, non-public shareholding)

Professionally managed, Board run company⁽²⁾



Promoter-less financial institution

Focus on scaling up the retail asset-light business model

Co-Lending		Sell-Down Approach	
<p>Operational arrangements</p>	<p>Collaboration with 8 banks and financial institutions for sourcing home loans and secured MSME loans</p>	<p>Portfolio Sell-Down</p>	<p>Securitize or directly assign loan receivables to banks and other institutions for raising and/or managing our funds</p>
<p>Risk and Reward Sharing</p>	<p>Co-lending involves 80:20 participation</p>	<p>Relationships</p>	<p>Sell down relationships with 24 financial institutions, primarily banks</p>
<p>Co-Originated Loans</p>	<p>Recognize 20% of total loan amount on the balance sheet. Customer rate blends 80% from co-lending partner and 20% from Indiabulls</p>	<p>Spread</p>	<p>Loans sold down at a spread from customer yields</p>
<p>Earnings</p>	<p>IHFL earns a spread on the portion of the loan (i.e., 20% of the total loan amount)</p> <p>Additionally, IHFL receives:</p> <ul style="list-style-type: none"> • Processing fee from the customer. • Origination fee from the partner (based on their 80% of the loan amount). • Annual servicing fees from the partner (on their 80% of the loan amount). • Insurance income related to insurance provided to the customer. • The type and percentage of fee income vary across partner arrangements based on mutually agreed terms 		
<p>Shared Credit Costs</p>	<p>Credit costs are shared on a pari-passu basis</p>		

The asset-light strategy enhances flexibility and aligns with market dynamics

Section 2

Recent developments



Recent developments

Completion of rights issue of INR36.9bn

Key terms of the rights issue

Completion date	– Feb-24
Issue size	– 246,226,515 partly paid-up equity shares of face value of INR 2 each
Price per equity share	– INR 150 per equity share (including a premium of INR 148 per equity share)
Aggregate value	– INR 36,933.98m
Price per equity share paid by applicants	– INR 50 per equity share (on application) and the balance Rs. 100 on subsequent call(s) on a rights basis to the eligible equity shareholders of IHFL

Outcome

- Over-subscribed issuance, with IHFL receiving 72,319 valid applications for 495,374,246 Rights Equity Shares, which was 201.19 % of the issue size
- The rights issuance also helped improve IHFL's capitalization profile

Rating Driven by Strong Business Profile and Liquidity

CRISIL

An S&P Global Company

Rating Action: Reaffirms Indiabulls' AA/Stable/A1+ ratings (Jan-24)

The reaffirmation reflects IHFL's strong capitalisation, with a healthy cover for asset-side risks, comfortable asset quality in the retail segments, and sizeable presence in retail mortgage finance

The ratings also factor in the company's susceptibility to asset quality risks arising from the commercial real estate portfolio and the need to demonstrate the ability to successfully transition to its planned new funding-light business model

Rating Action: Reaffirms Indiabulls' AA/Stable/A1+ ratings (Dec-23)

The reaffirmation reflects CRISIL Ratings' expectation that IHFL will maintain its strong capitalization, with healthy cover for asset-side risks, comfortable asset quality in the retail segments, and sizeable presence in retail mortgage finance

The ratings also factor in the company's susceptibility to asset quality risks arising from the commercial real estate portfolio and the need to demonstrate the ability to successfully transition to its planned new funding-light business model



Rating Action: Reaffirms Indiabulls' AA; Stable (Dec-23)

The reaffirmation reflects Indiabulls' established franchise in the domestic mortgage finance industry and its adequate capitalisation and liquidity profile.

The ratings also factor in that Indiabulls continues to have a sizeable retail portfolio with housing loans (HL) and loan against property (LAP), despite the decline in the assets under management (AUM) in recent years. The capitalisation profile has remained adequate amidst decline in borrowings following the portfolio degrowth in recent years

Rating Action: Reaffirms Indiabulls' AA; Stable (Apr-23)

The reaffirmation factors in Indiabulls' established franchise in the domestic mortgage finance industry and its adequate capitalisation and liquidity profile

The capitalisation profile has been supported by the track record of capital raising, besides the decline in borrowings following the portfolio degrowth in recent years

ICRA takes cognizance of the recent institutionalization / de-promoterisation exercise, whereby the company has endeavoured to strengthen the governance structure and has onboarded industry professionals with diverse experience

S&P Global

S&P rating to follow

Section 3

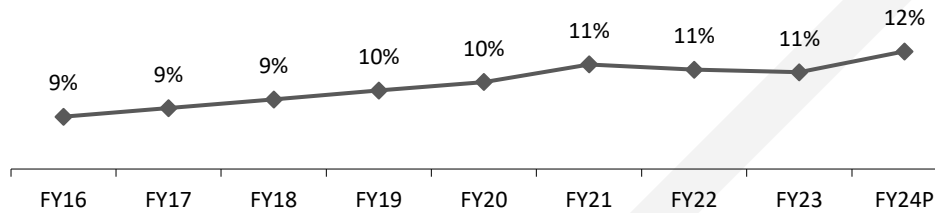
Industry overview



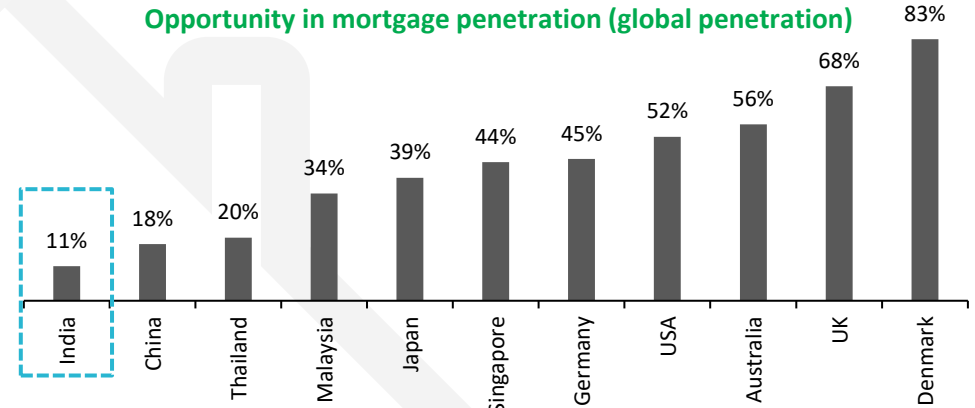
Abundant opportunities for growth in the mortgage finance market, supported by secular growth drivers

Low housing penetration in India provide abundant opportunities for growth in mortgage finance

Nominal GDP to Housing (India)

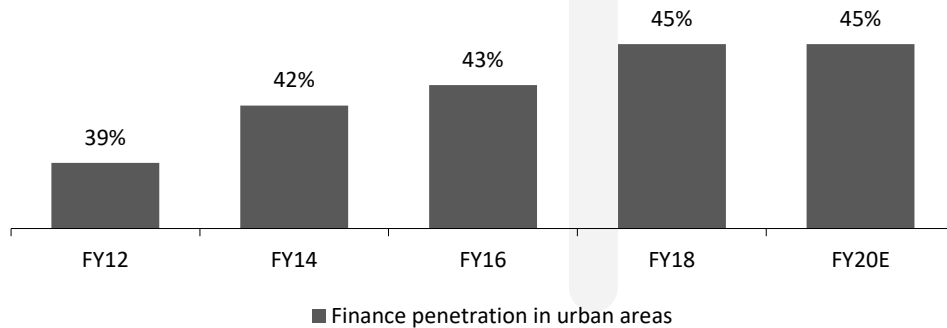


Opportunity in mortgage penetration (global penetration)

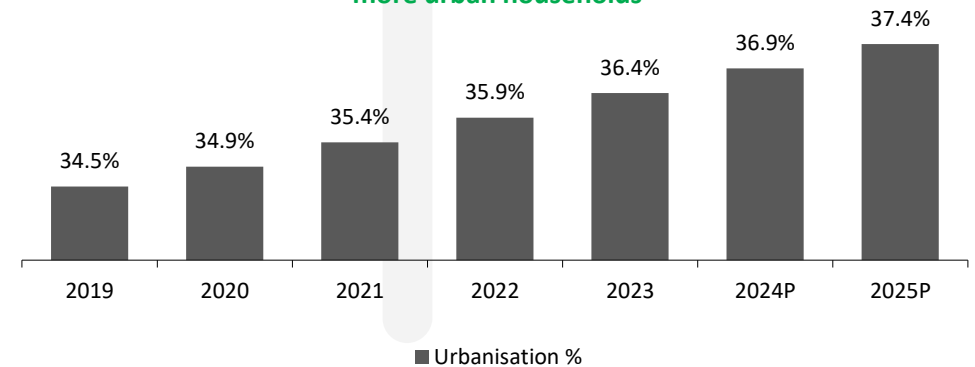


Long-term growth drivers of the housing finance sector

Rising income levels lead to higher disposable income, and, therefore, increasing affordability



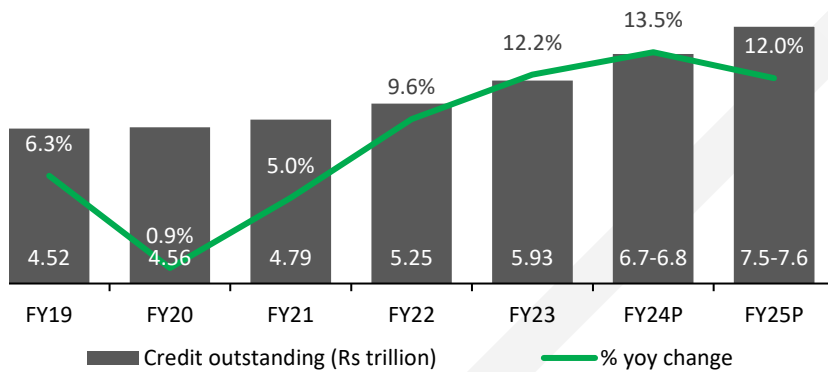
Urbanisation increases the number of nuclear families, leading to formation of more urban households



HFC Sector is an Integral Part of India's Credit Market

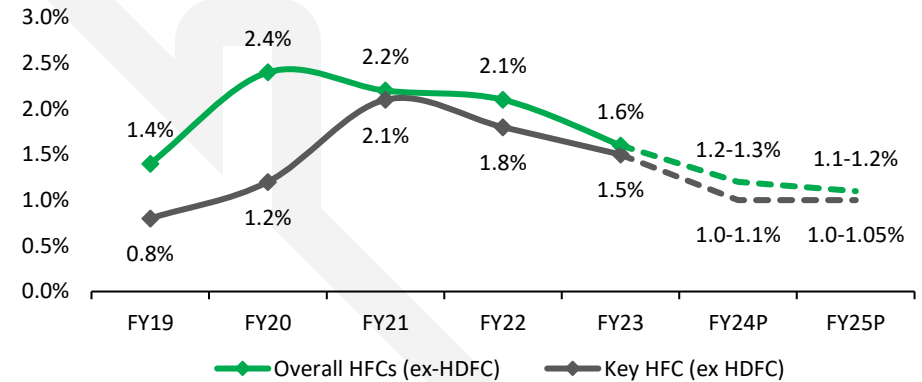
Housing loans expected to show double digit growth

Housing loans at NBFCs/HFCs



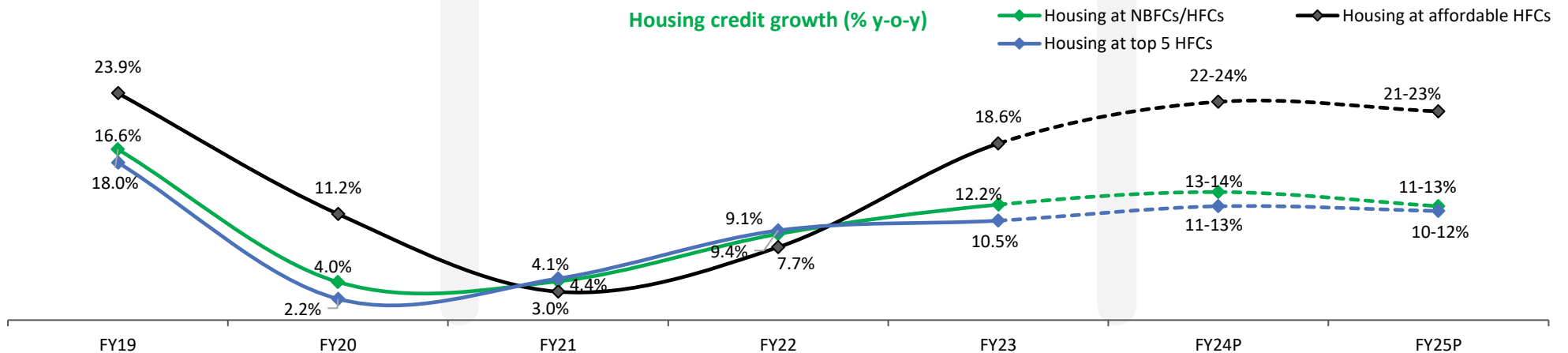
GNPAs of housing portfolio to improve by another ~40bps this fiscal

GNPA of housing portfolio at HFCs



Affordable HFCs expected to outpace overall housing finance credit growth

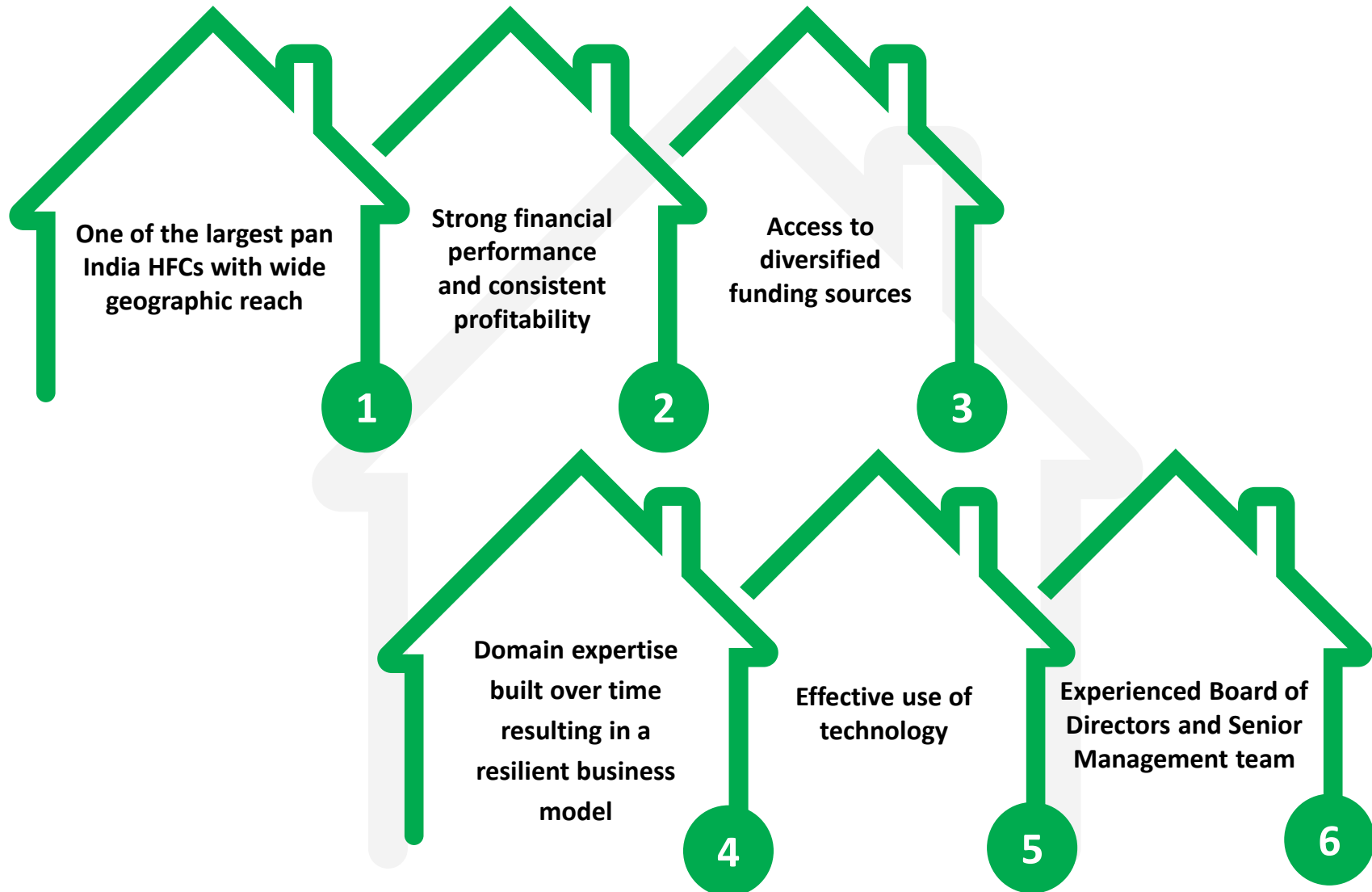
Housing credit growth (% y-o-y)



Section 4

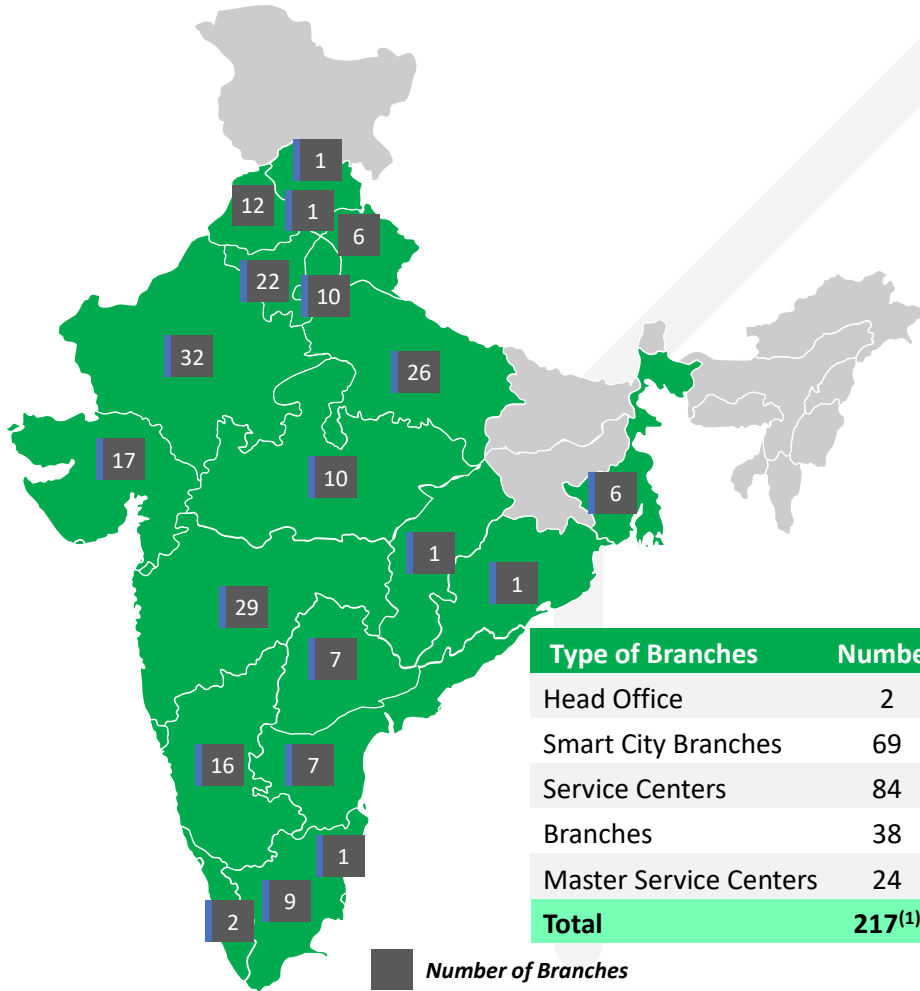
Key credit highlights

Key credit highlights

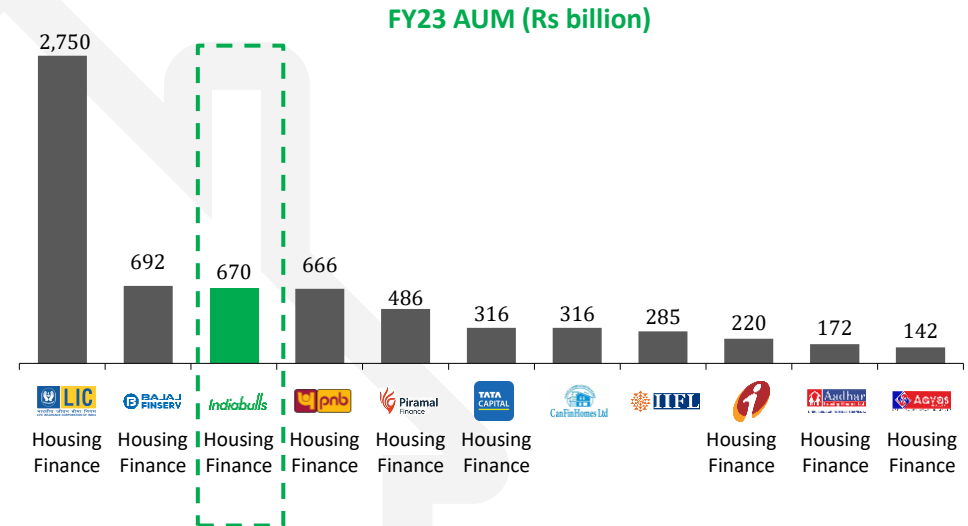


One of the largest pan India HFCs with wide geographic reach

Wide geographic reach with 217⁽¹⁾ branches across 19 states in India



Third largest HFC in terms of assets under management in FY23



Company's growth strategy

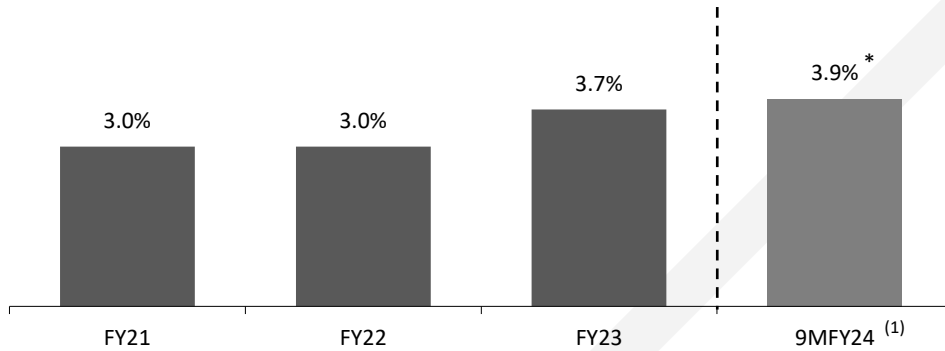
- ★ Scale-up the retail asset-light business model
- ★ Continue to focus on maintaining a robust balance sheet through strong capital adequacy and adequate liquidity
- ★ Focus on penetrating Tier-III and Tier-IV cities

(1) Includes 1 Dubai Rep. office branch which is not shown on the map

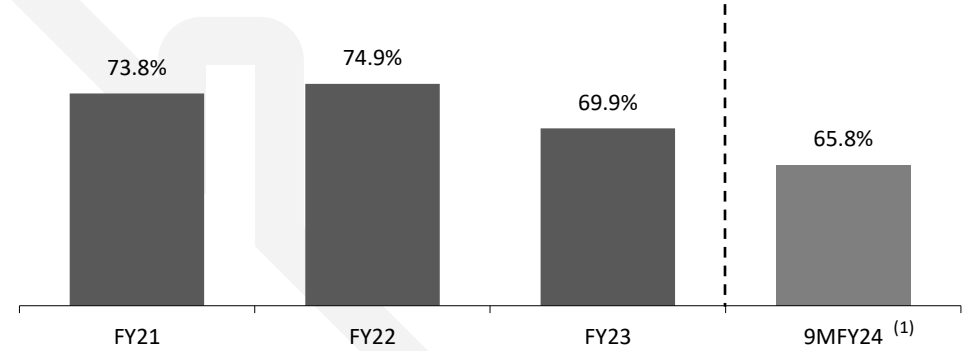
Source: Company reports, CRISIL MI&A Research

Strong financial performance and consistent profitability

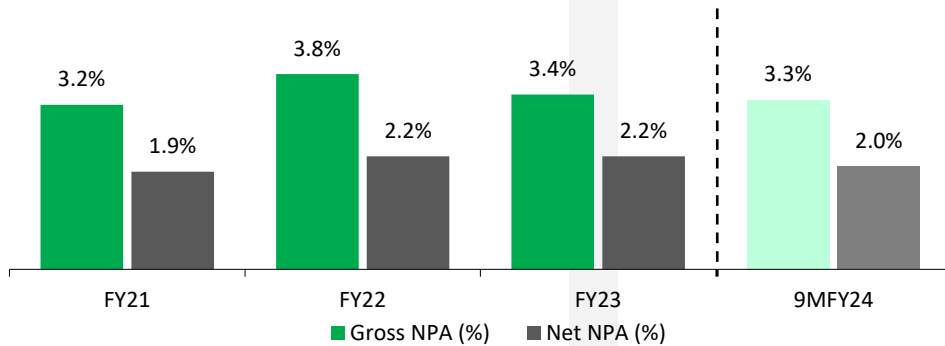
NIM on Average Assets



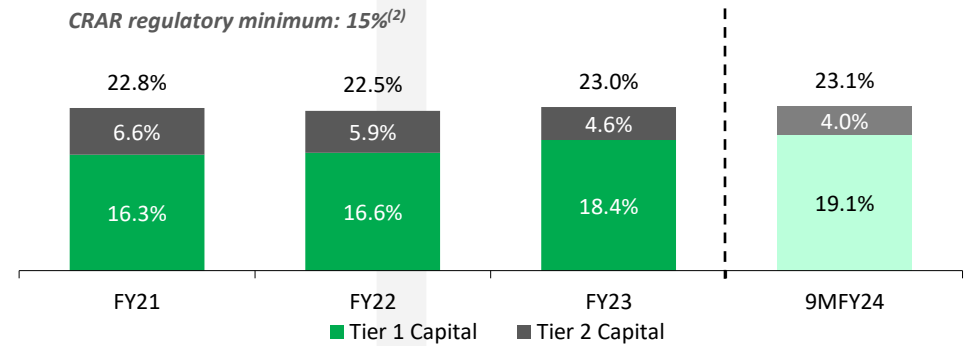
Total Debt to Total Assets (as of period ending)



Gross and Net NPA (as of period ending)



Capital Adequacy ratios (as of period ending)



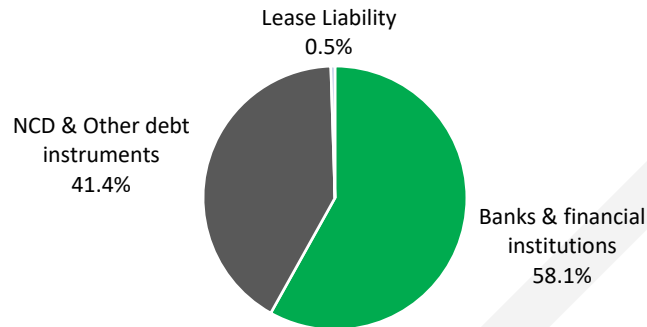
* Annualized, as of 31 December 2023

(1) 1 USD = 83.1164 INR as on December 29, 2023 published by Financial Benchmarks India Private Limited

(2) Prescribed by RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15

Access to Diversified Funding Sources

Diversified Funding Mix...



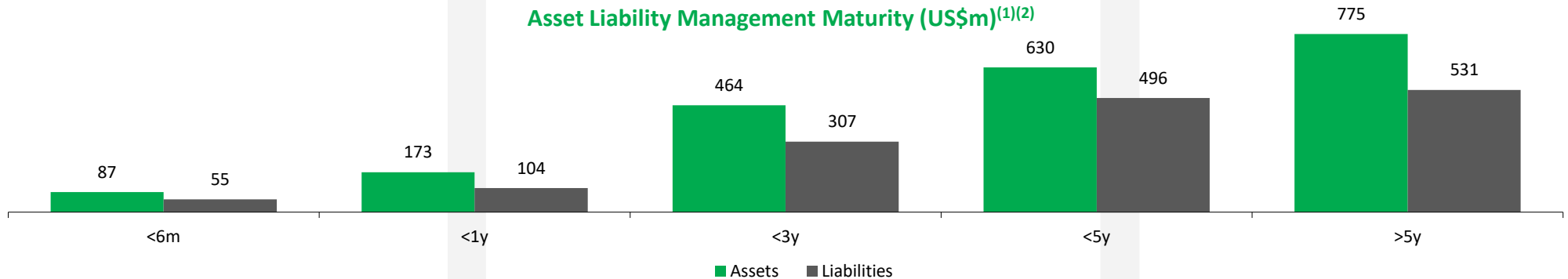
Total borrowings as of 31-Dec-23: US\$5.8bn ⁽¹⁾

...with ready access to Debt and Equity Capital Markets

- Listed for more than 19 years
- Raised INR36.9bn through a rights issue in Feb-24
- Raised US\$315m Senior Convertible Bonds in Feb-21 and Sep-21
- Raised US\$350m RegS bonds under their US\$1.5bn EMTN programme in May-19

Positive Asset Liability Management across buckets

Asset Liability Management Maturity (US\$m)⁽¹⁾⁽²⁾

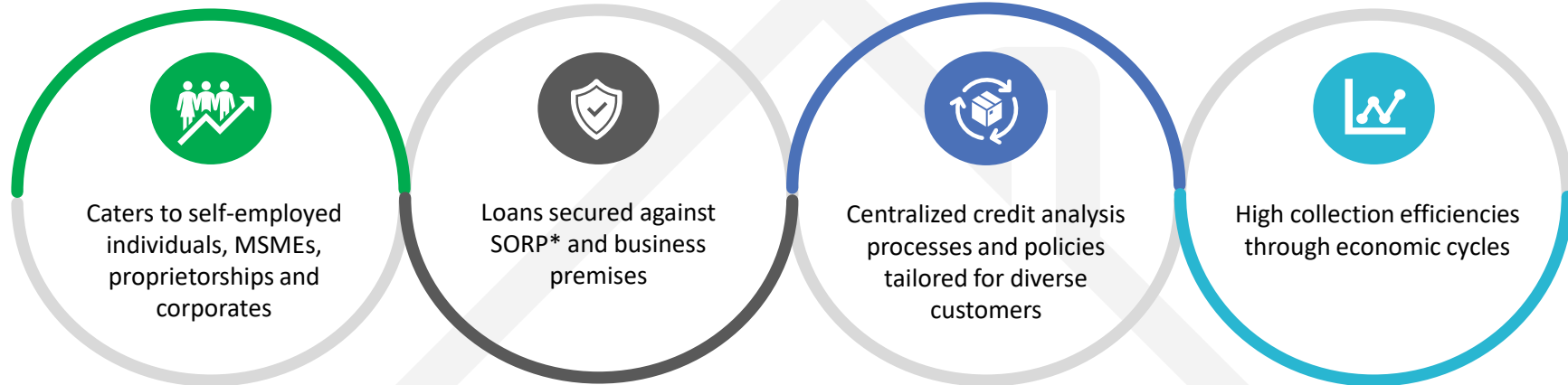


(1) 1 USD = 83.1164 INR as on December 29, 2023 published by Financial Benchmarks India Private Limited

(2) In addition to the investments shown in the table above, the company also had cash, cash equivalents and bank balances of US\$268.7mn as at December 31, 2023

Domain expertise built over time resulting in a resilient business model

Over 17 years of experience in Loan against Property, with demonstrated portfolio performance across business cycles



*Self-Occupied Residential Property

Prudent and robust underwriting process



Loan Sourcing

- **Diverse Channels:** Digital, branches, and Direct Sale Agents (DSAs)
- **4E's:** e-APPLY, e-SANCTION, e-DISBURSE, and e-ENGAGE create a seamless digital experience
- **Real-Time Underwriting:** Analytics-driven underwriting for first-level sanction



Appraisal Process

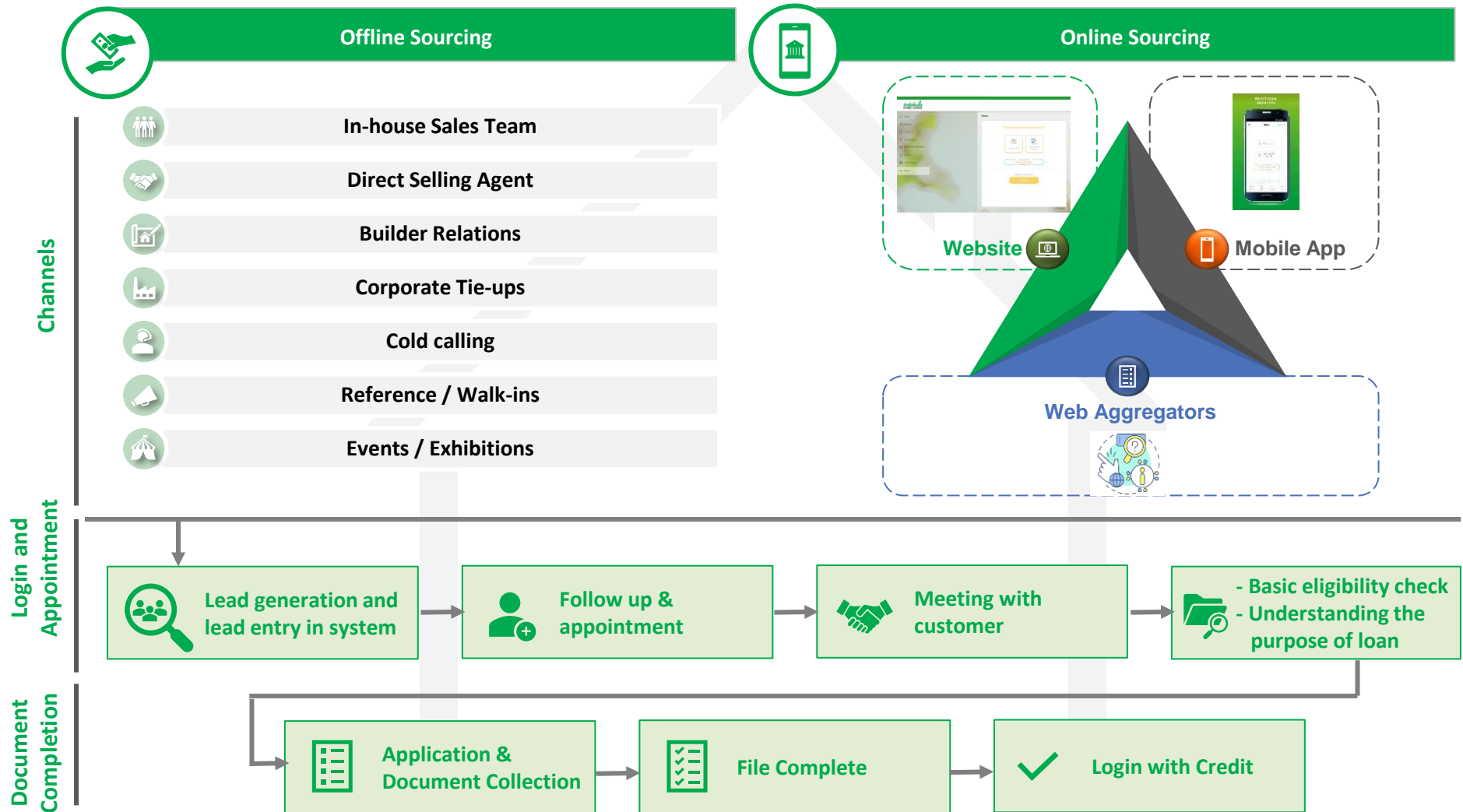
- **Document Submission:** RM's upload forms and documents on the digital portal.
- **Credit Underwriting:** Authenticity and compliance checks
- **Legal Appraisal:** Verification of clear and marketable titles
- **Technical Appraisal:** Dual assessment by in-house and external technical teams



Disbursements & Loan servicing

- **Digital Disbursal:** Reduces paperwork and processing time
- **Accessibility:** Customers can request changes and file grievances
- **Flexible Plans:** Restructuring and rescheduling options for effective repayment management
- **Digital Solutions:** Convenient payment reminders and online payments

Effective use of technology



Experienced Board of Directors and Senior Management team



Subhash Sheoratan Mundra

Non-Executive Chairman, Independent Director

Mr. Mundra is a seasoned and accomplished banker with distinguished career spanning over 40 years, involving leadership roles such as Deputy Governor of the RBI, Chairman and Managing Director Bank of Baroda, amongst others



Satish Chand Mathur

Independent Director

Mr Mathur was the Director General of Police, Maharashtra and Joint Police Commissioner, Maharashtra and has served in the Indian Police Service for over 36 years



Gagan Banga

Vice Chairman, Managing Director and CEO

Mr. Banga has over 20+ years of experience in the business of NBFCs and HFCs and he was an Executive Director on the Board of Directors of IBFSL (Indiabulls Financial Services Limited) before he joined IBHL



Achuthan Siddharth

Independent Director

Mr Achuthan is a member of the Institute of Chartered Accountants of India & the Institute of Company Secretaries of India and has served as partner at Deloitte Haskins & Sells



Rajiv Gupta

Nominee Director

Mr. Gupta is a Non-Executive and LIC Nominee Director of the Company



Dinabandhu Mohapatra

Independent Director

Mr Mohapatra is a former managing director and chief executive officer of Bank of India



Sachin Chaudhary

Whole-time Director, Chief Operating Officer

Mr Chaudhary has been associated with the Company since 2006 and has over 15 years of experience in the finance sector



Shefali Shah

Independent Director

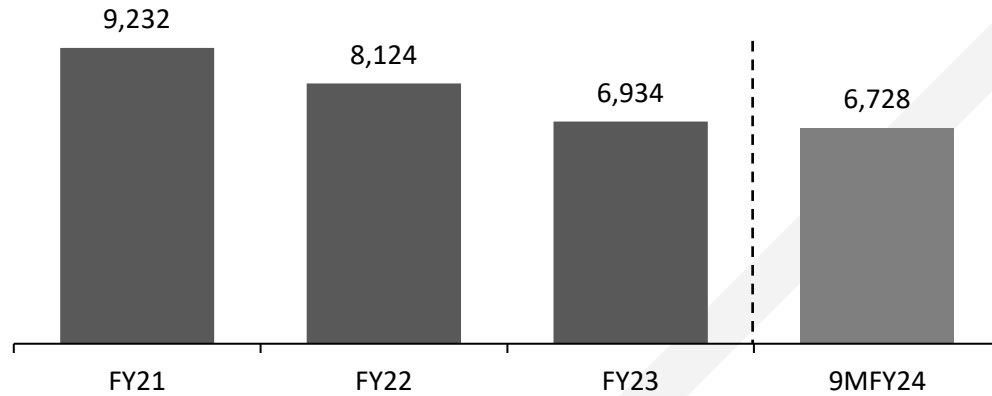
Ms. Shah is a retired Indian Revenue Services officer and had served as an additional secretary to Ministry of Culture as well as the Department of Consumer Affairs

Section 5

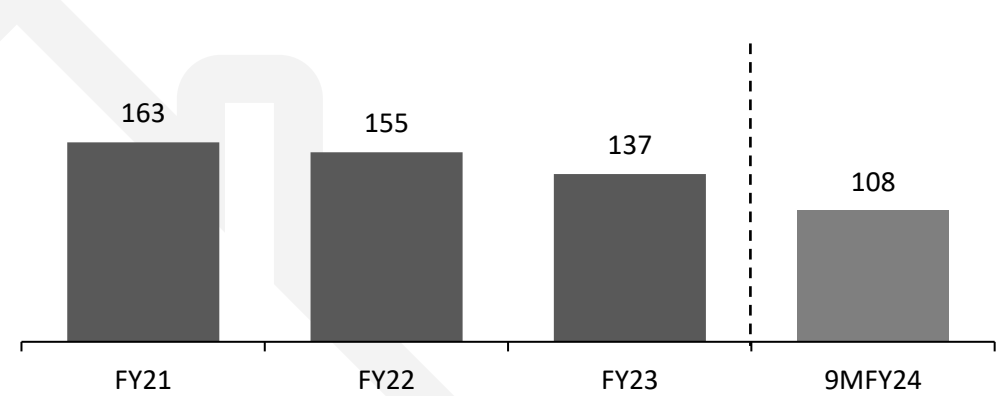
Financial summary

Key financial highlights

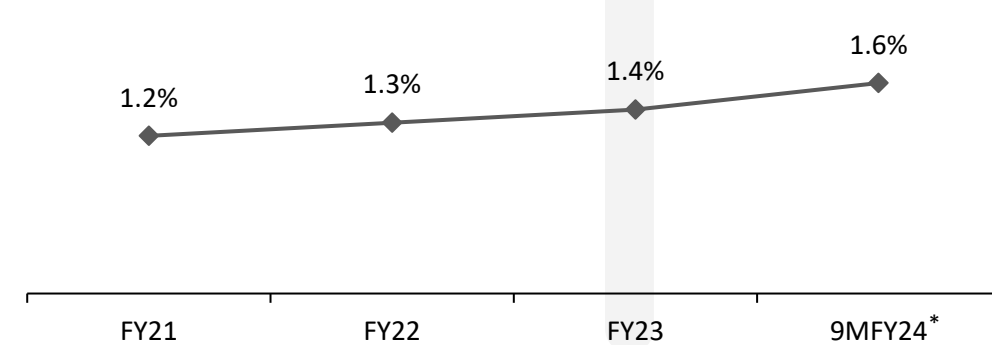
Loan Book (US\$m)



Profit after tax (US\$m)



Return on Average Assets (after tax)



Return on Average Net Worth



Note: 1 USD = 83.1164 INR on December 29, 2023; 1 USD = 82.2169 INR on March 31, 2023; 1 USD = 75.8071 INR on March 31, 2022; 1 USD = 73.5047 INR on March 31, 2021 published by Financial Benchmarks India Private Limited
 * Annualized, as of 31 December 2023